

# **EXHIBIT A**



CITY OF DETROIT  
WATER AND SEWERAGE DEPARTMENT  
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET  
DETROIT, MICHIGAN 48226-2830  
WWW.DETROITMI.GOV

November 13, 2012

Mr. Jack Martin  
Chief Financial Officer  
City of Detroit  
11<sup>th</sup> Floor Coleman A. Young  
Municipal Center  
Detroit, MI 48226

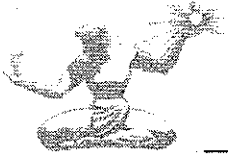
**RE: DWSD's Motion for Clarification of the November 4, 2011 Order**

Dear Mr. Martin,

I appreciate your taking the time to meet with me and Chris Brown on Friday, November 2, 2012 to discuss DWSD's motion for clarification. As you are now aware, the Honorable Sean F. Cox has issued numerous orders impacting DWSD's operations, with several of those changes recommended by the Root Cause Committee consisting of representatives of the Mayor's Office, the Detroit City Council, and the Board of Water Commissioners.

That meeting on November 2nd was the follow-up to the meeting held with Special Master David Ottenwess, Mayor Bing, Kris Andrews and the three of us. The goal of our meeting was to review and reach agreement on as many items within DWSD's request for clarification as we could. At the end of the meeting, I believe that we reached agreement on the following important points:

- (1) There was no objection to everything that the Court already granted to DWSD;
- (2) You did not object to the items that the Law Department already withdrew its objections over, namely the Board of Water Commissioners' authority to amend the procurement policy over time and the Board's authority to delegate its authority to approve settlements and contract claims to DWSD staff;
- (3) We agreed that DWSD's reimbursement to the City for actual costs for transition services included indirect costs;
- (4) We agreed that DWSD would submit supplemental briefing on the issue of whether DWSD should be exempt from Charter sections 7.5-208 and 7.5-2.09;



Mr. Jack Martin, Chief Financial Officer  
November 13, 2012  
Page 2

---

- (5) DWSD and Finance will work out an agreement to pay an annual flat fee for DWSD to have read-only access to tax records so that DWSD can perform its own tax clearances;
- (6) Finance did not object to DWSD pursuing its own Self-Insurance;
- (7) Finance did not object to DWSD holding bank accounts in our own name without a City Finance Department signer on the account, provided that the Finance Director could have access to bank account reports needed for auditing. Further, it was agreed that the City would like DWSD to continue to utilize the City's Employer Identification Number for these accounts;
- (8) Finance did not object to DWSD issuing debt in its own name provided that the debt does not involve a limited or full General Obligation pledge by the City of Detroit; and
- (9) DWSD agreed to work with Finance and its actuarial firm to analyze the Defined Contribution Plan proposal made by DWSD to determine whether it has any negative impact upon the City's general fund. And, based upon how DWSD moves forward with the Defined Contribution Plan, DWSD would defer the use of its own Employer Identification Number pending that resolution.

While I am sure that there will be additional items that we need to resolve moving forward, I think that this understanding helps us achieve a clear path forward on DWSD's motion for clarification.

Please let me know as soon as possible if you disagree with anything contained in this summary or if you feel that there is anything in this document that you feel needs further clarification.

Sincerely,

Matthew Schenk  
Chief Operating Officer / Chief Compliance Officer  
Detroit Water and Sewerage Department